

*Land & Resource Mgmt. Inc.
900 Core Road.
Parkersburg W Va 26104*

**MARSHALL COUNTY, WEST VIRGINIA
PAID- UP
OIL AND GAS LEASE**

This **PAID-UP OIL AND GAS LEASE** ("Lease") made effective December 16, 2009, by and between **BRC APPALACHIAN MINERALS I LLC**, a Delaware limited liability company, having an address at 200 Crescent Ct., Suite 200, Dallas, TX 75201 ("Lessor") and **BRC WORKING INTEREST COMPANY LLC**, a Delaware limited liability company, having an address at 200 Crescent Ct., Suite 200, Dallas, TX 75201 ("Lessee").

WITNESSETH, that for consideration of the sum of ten dollars (\$10.00), the receipt and sufficiency of which is hereby acknowledged, and such other good and valuable consideration, and all of the mutual covenants and agreements hereinafter set forth, the Lessor and Lessee agree as follows:

1. **Leasing Clause.** Lessor hereby leases exclusively to Lessee all the oil and gas including, but not limited to coal seam gas, coalbed methane gas, coalbed gas, methane gas, gob gas, occluded methane/natural gas and all associated natural gas and other hydrocarbons and non-hydrocarbons (including natural gas liquids, casinghead gas, scrubber overlift liquids, condensate and drip gas) contained in, associated with, emitting from, or produced/originating within any strata, formation, gob area, mine-out area, coal seam, and all communicating zones, and their liquid gaseous constituents, whether hydrocarbon or non-hydrocarbon, underlying the land herein leased, together with such exclusive rights as may be necessary or convenient for Lessee, at its election, to explore for, prospect, develop, mine, drilling, produce, measure, and market production from the Leased Premises, and from adjoining lands, using methods and techniques which are not restricted to current technology, including the right to conduct geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, or any geophysical and other exploratory tests; to drill, maintain, operate, cease to operate, plug, abandon, and remove wells; to use or install equipment, roads, electric power and telephone facilities, and to construct tanks, pipelines with appurtenant facilities, including data acquisition, compression and collection facilities for use in the production and transportation of products from the Leased Premises or from neighboring lands over and across the Leased Premises, to produce, treat, transport, own and use oil, gas, and non-domestic water sources, free of cost, to store gas of any kind underground, regardless of the source thereof, including the injecting of gas, water or other fluids, and air therein into any subsurface strata, and removing the same therefrom; to protect stored gas; to operate, maintain, repair, and remove material and equipment.

2. **Description.** The leasehold granted hereunder is located, all or part, in the lands more fully described on Exhibit A attached hereto (the "Leased Premises"), whether actually more or less, and including all contiguous or appurtenant lands owned by Lessor. This Lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor, by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land.

3. **Lease Term.** This Lease shall remain in force for a primary term of five (5) years from the effective date hereof and shall continue beyond the primary term as to the entirety of the Leased Premises if any of the following is satisfied: (i) operations are conducted on the Leased Premises or lands pooled/unitized therewith in search of oil, gas, or their constituents, or (ii) a

well deemed by Lessee to be capable of production is located on the Leased Premises or lands pooled/unitized therewith, or (iii) oil or gas, or their constituents, are produced from the Leased Premises or lands pooled/unitized therewith, or (iv) if the Leased Premises or lands pooled/unitized therewith is used for the underground storage of gas, or for the protection of stored gas, or (v) if prescribed payments are made, or (vi) if Lessee's operations are delayed, postponed or interrupted as a result of any coal, stone or other mining or mining related operation under any existing and effective lease, permit or authorization covering such operations on the Leased Premises or on other lands affecting the Leased Premises, such delay will automatically extend the primary or secondary term of this oil and gas lease without additional compensation or performance by Lessee for a period of time equal to any such delay, postponement or interruption. If, after the primary term, the last producing well on the Leased Premises or on lands unitized or combined with the Leased Premises is plugged and abandoned, the Leased Premises will remain under lease for an additional period of one (1) year from the date of plugging and abandonment, subject to the payment of Delay Rental. If there is any dispute concerning the extension of this Lease beyond the primary term by reason of any of the alternative mechanisms specified herein, the payment to the Lessor of the prescribed payments provided below shall be conclusive evidence that the Lease has been extended beyond the primary term.

4. **Extension of Term.** Lessee may extend the primary term for one additional five (5) year period by paying to Lessor, at any time on or prior to the expiration of the primary term, proportionate to Lessor's percentage of ownership, an "**Extension Payment**" equal **Five Dollars (\$5.00)** per net mineral acre, or by drilling a well on the Leased Premises or on lands unitized or combined with the Leased Premises which is not capable of production in paying quantities. Exercise of this option is at Lessee's sole discretion and may be invoked by Lessee where no other alternative set forth in Section 3 above extends this Lease beyond the primary term.

5. **No Automatic Termination or Forefeiture.** The language of this Lease shall never be read as language of special limitation. This Lease shall be construed against termination, forfeiture, cancellation or expiration and in favor of giving effect to the continuation of this Lease where the circumstances exist to maintain this Lease in effect under any of the alternative mechanisms set forth above. In connection with the immediately foregoing sentence, (i) a well shall be deemed to be capable of production if it has the capacity to produce a profit over operating costs, without regard to any capital costs to drill or equip the well, or to deliver the oil or gas to market, and (ii) the Lessee shall be deemed to be conducting operations in search of oil or gas, or their constituents, if the Lessee is engaged in geophysical and other exploratory work including, but not limited to, activities to drill an initial well, to drill a new well, or to rework, stimulate, deepen, sidetrack, frac, plug back in the same or different formation or repair a well or equipment on the Leased Premises or any lands pooled/unitized therewith (such activities shall include, but not be limited to, performing any preliminary or preparatory work necessary for drilling, conducting internal technical analysis to initiate and/or further develop a well, obtaining permits and approvals associated therewith and may include reasonable gaps in activities provided that there is a continuum of activities showing a good faith effort to develop a well or that the cessation or interruption of activities was beyond the control of Lessee, including interruptions caused by the acts of third parties over whom Lessee has no control or regulatory delays associated with any approval process required for conducting such activities).

6. **Payments to Lessor.** In addition to the bonus paid by Lessee for the execution hereof, Lessee covenants to pay Lessor, proportionate to Lessor's percentage of ownership, as follows:

6.1 Delay Rental. The parties hereto agree that this is a Paid-Up Lease with no further Delay Rental and/or Delay in Marketing payments due to Lessor during the primary term hereof.

6.2 Royalty. To pay Lessor as "Royalty", less all taxes, assessments, and adjustments on production from the Leased Premises, as follows:

(a) Liquid Hydrocarbon Royalty. On oil, condensate, distillate and other liquid hydrocarbons ("Liquid Hydrocarbons") produced and saved by Lessee at the wellhead, Lessee shall pay to Lessor a royalty equal to twelve and one-half percent (12.5%) (on an 8/8th basis) of the gross proceeds of sales thereof proportionately reduced to Lessor's percentage of ownership in the Leasehold ("Royalty Fraction"). Lessee shall be responsible for paying (and Lessor's royalty payable hereunder shall not bear) any overriding royalty interests ("ORRI") on any and all oil and gas sold from the parcels listed on Exhibit A.

(b) Gas Royalty. To pay Lessor an amount equal to the Royalty Fraction of the revenue received for all gas, casinghead gas, residue gas, gaseous hydrocarbons and/or other gaseous substances ("Gaseous Hydrocarbons") produced and marketed from the Leasehold, less the Royalty Fraction of costs to transport gas, including, but not limited to transporting between the wellhead and any production or treating facilities, and transporting to the point of sale, treating and processing such gas, including separating any liquid hydrocarbons from the gas, other than condensate separated at the well, compressing gas for transporting and delivering purposes, and any losses in volumes to point of measurement ("Royalty Fraction Of Post-Production Costs"). Lessee may use its own pipelines and equipment to provide such treating, processing, separating, transportation, and compression services, or it may engage others to provide such services; and if Lessee uses its own pipelines and/or equipment, post production costs shall include without limitation, reasonable depreciation and amortization expenses relating to such facilities, together with Lessee's cost of capital and a reasonable return on its investment in such facilities. Lessee may withhold Royalty payment until such time as the total withheld exceeds one hundred dollars (\$100.00). Lessee shall be responsible for paying (and Lessor's royalty payable hereunder shall not bear) any ORRI on any and all oil and gas sold from the parcels listed on Exhibit A. Lessee shall bear all other costs not included in Royalty Fraction Of Post-Production Costs including similar costs not borne by any overriding royalties.

6.3 Delay in Marketing. In the event that Lessee drills a well on the Leased Premises or lands pooled/unitized therewith that Lessee deems to be capable of production, but does not market after the expiration of the primary term producible gas, oil, or their constituents therefrom and there is no other basis for extending this Lease, Lessee shall pay after the primary term and until such time as marketing is established (or Lessee surrenders the Lease) an annual Delay in Marketing payment equal to one dollar (\$1.00) per net mineral acre, proportionately reduced to Lessor's ownership in the leased premises, and this Lease shall remain in full force and effect to the same extent as payment of Royalty during such period.

6.4 Shut-In. In the event that after the expiration of the primary term production of oil, gas, or their constituents is interrupted and not marketed for a period of twelve (12) months and there is no producing well on the Leased Premises or lands pooled/unitized therewith, Lessee shall thereafter, as Royalty for constructive production, pay an annual "Shut-in Royalty" equal to one dollar (\$1.00) per net mineral acre, proportionately reduced to Lessor's ownership in the leased premises until such time as production is re-established (or Lessee surrenders the Lease) and this Lease shall remain in full force and effect to the same extent as payment of Royalty. During the pendency of such shut-in, Lessee shall have the right to recomplete, sidetrack, rework,

stimulate, or deepen any well on the Leased Premises or to drill a new well on the Leased Premises, whether from an original producing formation or strata or from a different formation or strata, in an effort to re-establish production, whether from an original producing formation or from a different formation. In the event that the production from the only producing well on the Leased Premises or on lands unitized or combined with the Leased Premises is interrupted for a period of less than twelve (12) months, this Lease shall remain in full force and effect without payment of Royalty or Shut-in Royalty.

6.5 Manner of Payment. Lessee shall make or tender all payments due hereunder by wire transfer of immediately available funds to the account furnished to Lessor in writing by Lessor or by check, payable to Lessor, at Lessor's last known address, and Lessee may withhold any payment pending notification by Lessor of a change in address. Payment may be tendered by mail or any comparable method (e.g., Federal Express), and payment is deemed complete upon confirmation of wire receipt or mailing or dispatch. Where the due date for any payment specified herein falls on a holiday, Saturday or Sunday, payment tendered (mailed or dispatched) on the next business day is timely. Prior to payment of royalty, Lessor may be required to execute a Division Order certifying Lessor's interest in production. Lessee may withhold Royalty payment due hereunder until such time as the total withheld exceeds one hundred dollars (\$100.00).

6.6 Change in Land Ownership. Lessee shall not be bound by any change in the ownership of the Leased Premises until furnished with such documentation as Lessee may reasonably require. Pending the receipt of documentation, Lessee may elect either to continue to make or withhold payments as if such a change had not occurred.

6.7 Title. If Lessee receives evidence that Lessor does not have title to all or any part of the rights herein leased, Lessee may immediately withhold payments that would be otherwise due and payable hereunder to Lessor until the adverse claim is fully resolved.

6.8 Taxes and Liens. Lessee may pay all taxes and fees levied upon the oil and gas as produced, including, without limitation, severance taxes and privilege and surveillance fees, and deduct a proportionate share of the amount so paid from any monies payable to Lessor hereunder. Lessee may, at its option, pay and discharge any past due taxes, mortgages, judgments, or other liens and encumbrances on or against any land or interest included in the Leased Premises; and Lessee shall be entitled to recover from the debtor, with legal interest and costs, by deduction from any future payments to Lessor or by any other lawful means.

6.9 Characterization of Payments. Payments set forth herein are covenants, not special limitations, regardless of the manner in which these payments may be invoked. Any failure on the part of the Lessee to timely or otherwise properly tender payment can never result in an automatic termination, expiration, cancellation, or forfeiture of this Lease. Lessor recognizes and acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, can vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor hereby agrees that the payment terms, as set forth herein, and any bonus payments paid to Lessor constitute full consideration for the grant of this Lease. Lessor further agrees that such payment terms and bonus payments are final and that Lessor will not seek to amend or modify the lease payments, or seek additional consideration based upon any differing terms which Lessee has or will negotiate with any other lessor/oil and gas owner.

6.10 Payment Reductions. Notwithstanding anything herein to the contrary, if Lessor owns a lesser interest in the oil or gas than the entire undivided fee simple estate or the entirety of

the oil or gas one or under the lands covered by the Leased Premises, then the rentals (except for Delay Rental payments as set forth above), royalties and shut-in royalties hereunder shall be paid to Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee or entirety of the oil or gas one or under the lands covered by the Leased Premises.

7. **Unitization.**

7.1 Lessee is hereby granted the right, at Lessee's option, to pool, unitize, or combine all or parts of the Leased Premises with any other part of this Leased Premises or any other lands lease, or leases, as to any or all minerals, formations, strata or horizons, whether contiguous or not contiguous, leased or unleased, whether owned by Lessee or by others, at any time before or after drilling to create or enlarge drilling, proration or production units either by contract right or pursuant to governmental authorization. Each of said options may be exercised by Lessee at any time and from time to time while this Lease is in force, and whether before or after production has been established either on the Leased Premises, or on the portion of the Leased Premises included in the unit, or on other land unitized therewith.

7.2 A unit established hereunder shall be valid and effective for all purposes of this Lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. There shall be allocated to the land covered by this Lease within each such unit (or to each separate tract within the unit if this Lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of net acres in such land (or in each such separate tract) covered by this Lease within the unit bears to the total number of net acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this Lease.

7.3 Lessor agrees to accept and receive out of the production or the revenue realized from the production of such unit, such proportional share of the Royalty from each unit well as the number of Leased Premises net acres included in the unit bears to the total number of net acres included in the unit. Otherwise, as to any part of the unit, drilling, operations in preparation for drilling, operations, production, or shut-in production from the unit, or payment of Royalty, Shut-in Royalty, Delay in Marketing payment or Delay Rental attributable to any part of the unit (including non-Leased Premises land) shall have the same effect upon the terms of this Lease as if a well were located on, or the subject activity attributable to, the Leased Premises and shall be considered, for all purposes, except the payment of royalty, operations conducted upon the Leased Premises under this Lease.

7.4 The formation of any unit hereunder which includes land not covered by this Lease shall not have the effect of exchanging or transferring any interest under this Lease (including, without limitation, any shut-in royalty which may become payable under this Lease) between parties owning interests in land covered by this Lease and parties owning interests in land not covered by this Lease. Neither shall it impair the right of Lessee to release as provided herein. At any time while this Lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this Lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals.

7.5 Subject to the provisions of this Section 7, a unit once established hereunder shall remain in force so long as any individual lease subject thereto shall remain in force. If this Lease

now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this Lease but Lessee shall nevertheless have the right to pool or unitize as provided in this Section 7 with consequent allocation of production as herein provided. As used in this Section 7, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the Leased Premises.

8. **Release.** Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this Lease as to any part or all of the Leased Premises or of any mineral or formation, strata or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.

9. **Operations.** Whenever used in this Lease the word "operations" shall mean operations for and any of the following: preparing the location for drilling, drilling, testing, stimulating, completing, reworking, recompleting, deepening, sidetracking, fracing, re-fracing, production optimization, dewatering, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

10. **Horizontal Drilling.** Lessor does hereby grant, transfer and convey unto Lessee a subsurface right-of-way and easement to drill and operate under the surface of and through the subsurface of the Leased Premises, one or more directional wells to be bottomed on lands other than the Leased Premises, for the purpose of exploring, drilling, mining and operating for, developing and producing oil, gas and associated hydrocarbons under the terms of any oil and gas lease(s) now owned or hereafter acquired by Lessee, covering lands pooled or unitized with any portion of the lands covered by this Lease, along with all rights, duties and privileges necessary or desirable in the exercise of the rights granted herein. This subsurface right-of-way and easement shall remain in full force and effect for the primary term hereof and as long thereafter as used by Lessee for the purposes herein granted.

11. **Assignment.** The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto. Lessee shall furnish Lessor a copy of any assignment made pursuant to this Section 11, with the recording data reflected thereon (if recorded).

12. **Conversion to Storage.** Lessee is hereby granted the right to convert the Leased Premises or lands pooled/unitized therewith to gas storage. At the time of conversion, Lessee shall pay Lessor's proportionate part for the estimated recoverable gas remaining in any well drilled pursuant to this Lease using methods of calculating gas reserves as are generally accepted by the natural gas industry and, in the event that all wells on the Leased Premises and/or lands pooled/unitized therewith have permanently ceased production, Lessor shall be paid a Conversion to Storage payment in an amount equal to Delay Rental for as long thereafter as the Leased Premises or lands pooled/unitized therewith is/are used for gas storage or for protection of gas storage; such Conversion to Storage payment shall first become due upon the next ensuing Delay Rental anniversary date. The use of any part of the Leased Premises or lands pooled or unitized therewith for the underground storage of gas, or for the protection of stored gas will extend this Lease beyond the primary term as to all rights granted by this Lease, including but not limited to production rights, regardless of whether the production and storage rights are owned together or separately.

13. **Lease Development.** There is no implied covenant to drill, prevent drainage, further develop or market production within the primary term or any extension of term of this Lease. There shall be no Leased Premises forfeiture, termination, expiration or cancellation for failure to comply with said implied covenants. Provisions herein, including, but not limited to the prescribed payments, constitute full compensation for the privileges herein granted.

14. **Covenants.** This Lease and its expressed or implied covenants shall not be subject to termination, forfeiture of rights, or damages due to failure to comply with obligations if compliance is effectively prevented by federal, state, or local law, regulation, decree or any event described in Section 19 below.

15. **Limitation of Forfeiture.** In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action or proceeding by Lessor to enforce a claim of termination, cancellation, expiration or forfeiture due to any action or inaction by the Lessee, including, but not limited to making any prescribed payments authorized under the terms of this Lease, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If Lessee timely responds to Lessor's demand, but in good faith disagrees with Lessor's position and sets forth the reasons therefore, such a response shall be deemed to satisfy this provision, this Lease shall continue in full force and effect and no further damages (or other claims for relief) will accrue in Lessor's favor during the pendency of the dispute, other than claims for payments that may be due under the terms of this Lease. If this Lease is canceled for any cause, it shall nevertheless remain in force and effect as to (a) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (b) any part of the Leased Premises included in a pooled unit on which there are operations. Lessee shall also have such easements on the Leased Premises as are necessary to operations on the acreage so retained.

16. **Defend Title.** Subject to the terms of this Lease, Lessor hereby binds itself, its successors, legal representatives and assigns, to specially warrant and forever defend the Leased Premises unto Lessee, its respective successors, legal representatives and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through or under Lessor, but not otherwise. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on the Leased Premises, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this Lease. If this Lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of the Leased Premises than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this Lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this Lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this Lease (whether or not owned by Lessor) shall be paid out of the royalty herein

provided. This Lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.

17. Data and Information.

17.1 Well Data. Upon receipt, Lessee shall furnish Lessor with a full copy of all title opinions, abstracts, surveys and run-sheets obtained by Lessee that cover any part of the Leased Premises or the lands pooled therewith; however, Lessee is not obligated to conduct title work for Lessor's benefit and Lessee shall not be liable to Lessor for errors or omissions in title information furnished to Lessor. Lessor shall receive reasonable prior notice of all tests on wells drilled by Lessee on the Leased Premises.

17.2 Books; Records; Notice. Lessor shall have the right, at Lessor's sole expense, during regular business hours, personally or by representative, to inspect and copy the books, accounts, records, and data of Lessee pertaining to the calculation and payment of rentals or royalties and production associated with the Leasehold except where prohibited by the terms of applicable license, confidentiality or similar agreements, subject to Lessor's execution of a confidentiality agreement covering such license, confidentiality or similar agreements on the same terms as Lessee ("Audit"). If it is determined during such Audit that Lessor has not been correctly paid all sums owed it, Lessee shall promptly pay such deficiency and interest thereon at the rate of five percent (5%) per annum. Lessee shall promptly notify Lessor of any claims, demands or disputes, including litigation and regulatory proceedings, of which Lessee has actual knowledge, that affect or relate to the Leasehold, or that affect or relate to the exploration, development, production, transportation, processing, marketing or value of oil and gas under or that may be produced from the Leasehold. Lessee's notice obligation includes matters involving both Lessor's or Lessee's potential liability, as well as Lessor's or Lessee's right of recovery. Prompt notice of litigation or regulatory proceedings means notice that gives Lessor reasonable time and information in order to participate in or attend the proceeding.

17.3 Confidentiality. Lessor shall keep the information provided pursuant to this Section 17 confidential, but may disclose such data to its consultants, attorneys, accountants, advisors and prospective purchasers, lessees or lenders who agree to be bound by the confidentiality obligations of this paragraph, until the earlier of (i) the date the Lessor is required to disclose such information by a court or other governmental authority; (ii) the date such information becomes available to the public other than by breach of this paragraph; or (iii) five (5) years from the date of Lessor's receipt. Lessor shall not be subject to any obligations or restrictions involving its disclosure or use of the information following termination of its obligations under this paragraph, as such termination may occur from time to time.

18. Indemnification. LESSEE, ITS SUCCESSORS AND ASSIGNS, AGREES TO INDEMNIFY, DEFEND AND HOLD HARMLESS LESSOR, ITS SUCCESSORS AND ASSIGNS, FROM AND AGAINST ANY AND ALL DAMAGES, CLAIMS, LOSSES, LIABILITIES, FINES, COSTS, EXPENSES (INCLUDING ATTORNEYS FEES AND EXPENSES) OCCASIONED BY, ARISING OUT OF, RESULTING FROM, OR IN CONNECTION WITH ACTIVITIES AND OPERATIONS OF OR FOR LESSEE, ITS AGENTS, CONTRACTORS, OR SUBCONTRACTORS HEREUNDER, REGARDLESS OF THE CAUSE OF SUCH DAMAGES, CLAIMS, LOSSES, LIABILITIES, FINES, COSTS, OR EXPENSES, ON SAID LEASED PREMISES OR PROPERTY POOLED THEREWITH OR IN ANY WAY RELATING TO THIS LEASE. THIS PROVISION AND ITS INDEMNITIES SHALL SURVIVE THE TERMINATION OF THIS LEASE AND SHALL INURE TO THE SUCCESSOR, HEIRS AND ASSIGNS OF LESSOR AND LESSEE.

19. **Force Majeure.** All express or implied covenants of this Lease shall be subject to all applicable laws, rules, regulations and orders. When drilling, reworking, production or other operations hereunder, or Lessee's fulfillment of its obligations hereunder are prevented or delayed by such laws, rules, regulations or orders, third parties or by scarcity or inability to obtain necessary permits, equipment, services, labor, material, equipment, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this Lease shall not terminate, in whole or in part, because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable in damages for breach of any express or implied covenants of this Lease for failure to comply therewith, if compliance is prevented by, or failure is the result of any applicable laws, rules, regulations or orders or operation of force majeure

20. **Amendment.** The terms of this Lease cannot be altered, amended or modified except by a written instrument clearly demonstrating such purpose and effect, and executed by both parties to this Lease. The written instrument shall describe the specific terms or provisions being altered and the proposed modification or change thereto. Any notation or legend attached to a royalty check shall be null and void and without legal significance if such notation or legends purports to alter or amend this Lease in any way.

21. **Governing Law.** This Lease shall be governed and construed in accordance with the Laws of the state in which the Leased Premises are located, regardless of the application of conflicts of Law which would direct the application of the Law of a different jurisdiction.

22. **Arbitration.**

22.1 Each party to this Lease agrees that each dispute, controversy, matters or claim arising out of or in relation to or in connection with this Lease (each a "Dispute"), that cannot be resolved among the Parties shall be resolved in accordance with procedures specified herein, which shall constitute the sole and exclusive procedures for the resolution of Disputes. Excepting the right of a party hereto to seek such relief, all Disputes, whether sounding in tort, contract or otherwise, shall be resolved by binding, self-administered arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association (the "AAA"), and all such proceedings shall be subject to the Federal Arbitration Act. There shall be three (3) arbitrators ("Arbitration Panel"). Each of Lessee and the Lessor shall designate an arbitrator, who need not be neutral, within thirty (30) days of the notification of a party hereto's intent to proceed with arbitration hereunder. The two (2) arbitrators so designated shall elect a third arbitrator. If a party hereto fails to designate an arbitrator within the time specified or the two Parties' arbitrators fail to designate a third arbitrator within thirty (30) days of their appointment, the remaining arbitrator(s) shall be appointed by the AAA.

22.2 The arbitrators shall decide whether a particular Dispute is arbitrable. All discovery activities shall be conducted under the Rules of the AAA and shall be completed within sixty (60) days after the transmittal of the Dispute to the AAA. The award of the Arbitration Panel shall (i) be based on the decision of a majority of the members of the Arbitration panel, (ii) be final and binding upon the Parties, (iii) be issued within ninety (90) days after the submittal of the Dispute to the AAA or as otherwise determined by the Arbitration Panel or the Parties, (iv) be in writing, and (v) set forth the factual and legal bases for such award. The Lessees shall pay for the expenses incurred by its designated arbitrator, and the Lessor shall pay for the expenses

incurred by their designated arbitrator. The costs of the third, neutral arbitrator shall be divided between the Parties equally. The Arbitration Panel may not award attorneys' fees and cost of the arbitration to the prevailing party. Each party hereto shall bear its own attorneys' fees. Judgment on the award rendered by the Arbitration Panel may be entered and enforced in any court having jurisdiction thereof in accordance with applicable Laws. As between the Parties only damages allowed pursuant to this Lease may be awarded and, without limiting the foregoing, arbitrators shall have no authority to award any damages that are excluded under any express provision of the Lease. Each party hereto hereby undertakes without delay to implement, perform, or comply with the provisions of any arbitral award or decision.

22.3 The site of any arbitration brought pursuant to this Lease shall be Dallas, Texas, U.S.A., and the language in which the arbitration shall be conducted, including all writings relating thereto (including the award of the Arbitration Panel), shall be English.

22.4 The Parties hereby agree to continue to perform their respective obligations under the Lease while any Dispute is pending. Notwithstanding anything to the contrary herein, any party hereto may proceed to any court of competent jurisdiction to obtain provisional injunctive, ancillary or other equitable relief if such action is necessary to avoid irreparable harm or to preserve the status quo pending the resolution of the Dispute in accordance with the provisions of this Section 22. Notwithstanding the foregoing, the arbitration of the underlying Dispute shall proceed in accordance with the terms hereof during the pendency of the proceeding to obtain such provisional injunctive, ancillary or other equitable relief.

22.5 EACH OF THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO THE SUBMISSION OF ANY DISPUTE FOR SETTLEMENT BY FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION 22, AND HEREBY WAIVES THE RIGHT TO PROCEED TO COURT OR ANY OTHER FORUM THAT MAY APPLY TO IT BY REASON OF ITS PRESENT OR FUTURE DOMICILE, OR FOR ANY OTHER REASON EXCEPT RECOURSE TO COURTS FOR ENFORCEMENT OF ARBITRAL AWARDS OR OTHER ORDER OF THE ARBITRATORS ISSUED IN AN ARBITRATION PURSUANT TO THIS SECTION 22 OR SEEKING ANY INTERIM OR CONSERVATORY MEASURES OF THE RULES OF ARBITRATION OF THE AAA OR DESCRIBED IN SECTION HEREIN. NOTHING HEREIN SHALL AFFECT THE RIGHT OF ANY PARTY TO BRING ANY SUIT, ACTION OR PROCEEDING SEEKING TO ENFORCE ANY ARBITRAL AWARD OR OTHER ORDER OF THE ARBITRATORS ISSUED IN AN ARBITRATION PURSUANT TO THIS SECTION 22 OR SEEKING ANY INTERIM OR CONSERVATORY MEASURES PURSUANT TO THE RULES OF ARBITRATION OF THE AAA AGAINST ANY PARTY IN ANY OTHER JURISDICTION PERMITTED BY LAW.

23. **Severable Terms.** In the event any provision (or portion thereof) of this Lease is inconsistent with or contrary to any applicable law, rule or regulation, said provision (or portion thereof) shall be deemed to be amended to partially or completely modify such provision or portion thereof to the least extent necessary to make it comply with said law, rule or regulation, and this Lease as so modified, shall remain in full force and effect. If necessary, this Lease shall be deemed to be amended to delete the unenforceable provision or portion thereof, in which event such invalidity or unenforceability shall not affect the remaining provisions or application thereof which can be given effect without the invalid portion or application.

24. **Entirety of Agreement.** This Lease and the exhibits, schedules, and annexes attached hereto set forth the entire and complete agreement of the parties hereto as to the subject matter

hereof, and supersedes any and all proposals, negotiations, agreements, and representations of the parties hereto prior to the execution hereof, including without limitation, prior drafts or prior versions of this Lease. To the extent that there is any conflict between the terms of this Lease and the terms of any memoranda of Lease executed in connection herewith, the terms of this Lease shall govern and control. This Lease shall inure to and be binding upon the parties hereto, and their permitted heirs, successors and assigns.

25. **Waiver of Consequential Damages.** Notwithstanding anything to the contrary contained herein, no party hereto shall be entitled to exemplary, contingent, consequential, special or punitive damages or lost profits in connection with this Lease and the transactions contemplated hereby (other than exemplary, contingent, consequential, special or punitive damages or lost profits, consequential, special or punitive damages suffered by third parties for which responsibility is allocated between the parties hereto) and each of the parties hereto hereby expressly waives any right to exemplary, contingent, consequential, special or punitive damages or lost profits consequential, special or punitive damages in connection with this Lease and the transactions contemplated hereby (other than exemplary, contingent, consequential, special or punitive damages or lost profits consequential, special or punitive damages suffered by third parties for which responsibility is allocated between the parties hereto hereunder, at law, rule or regulation or at equity).

26. **Further Assurances.** Each party hereto shall execute, acknowledge and deliver to the other such further documents and take such other action, as may be necessary in order to carry out the purposes of this Lease.

27. **Inherent Risk.** Each party hereto hereby acknowledges its understanding and acceptance of the inherent risks associated with the exploration for oil and gas.

28. **Headings and Construction.** The headings and captions herein are inserted for convenience of reference only and are not intended to govern, limit or aid in the construction of any term or provision hereof. The rights and obligations of each party hereto shall be determined pursuant to this Lease. It is the intention of the parties hereto that every covenant, term and provision of this Lease shall be construed simply according to its fair meaning and not strictly for or against any party hereto (notwithstanding any rule of Law requiring an Lease to be strictly construed against the drafting party) and no consideration shall be given or presumption made, on the basis of who drafted this Lease or any particular provision thereof, it being understood that the parties hereto to this Lease are sophisticated and have had adequate opportunity and means to exercise business discretion in relation to the negotiation of the details of the transaction contemplated hereby and retain counsel to represent their interests and to otherwise negotiate the provisions of this Lease.

29. **Independent Representation.** Each party hereto has had the benefit of independent representation with respect to the subject matter of this Lease. This Lease, though it may be drawn by one party hereto, shall be construed fairly and reasonably and not more strictly against one party hereto than another.

30. **Electronic Documents.** Each of the parties hereto hereto agrees that (a) any consent or signed document transmitted by electronic transmission shall be treated in all manner and respects as an original written document, (b) any such consent or document shall be considered to have the same binding and legal effect as an original document and (c) at the request of any party hereto hereto, any such consent or document shall be re-delivered or re-executed, as appropriate, by the relevant party hereto or parties hereto in its original form. Each of the parties hereto

further agrees that they will not raise the transmission of a consent or document by electronic transmission as a defense in any proceeding or action in which the validity of such consent or document is at issue and hereby forever waives such defense. For purposes of this Lease, the term "electronic transmission" means any form of communication not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

31. **Counterparts; Facsimile Signature.** This Lease may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile copies of signatures shall constitute original signatures for all purposes of this Lease and any enforcement hereof. In proving this Lease, a party hereto must produce or account only for the executed counterpart of the party hereto to be charged.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, this instrument is executed effective as of the date first above written above.

LESSOR:

BRC APPALACHIAN MINERALS I LLC

By: _____

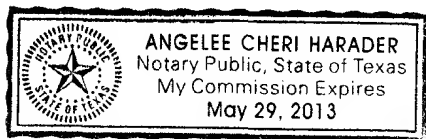
Name: Jonathan A. Siegler

Title: Chief Financial Officer and Executive Vice President

ACKNOWLEDGMENT

**STATE OF TEXAS;
COUNTY OF DALLAS; TO-WIT:**

On this the 6th day of January, 2010, before me Angel Harader, the undersigned officer, personally appeared Jonathan A. Siegler, who acknowledged himself to be the Chief Financial Officer and Executive Vice President of **BRC APPALACHIAN MINERALS I LLC**, a Delaware limited liability company and that he as such officer, being authorized to do so, executed the foregoing instrument on behalf of said limited liability company.



[NOTARY SEAL]

Angel Harader


Notary Public in and for
The State of Texas

Name: Angel Harader
My Commission Expires

5-29-13

LESSEE:

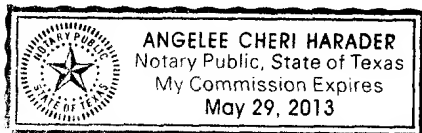
**BRC WORKING INTEREST COMPANY
LLC**

By: 
Name: Jonathan A. Siegler
Title: Chief Financial Officer and Executive
Vice President

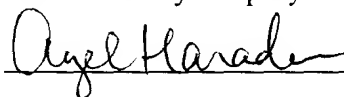
ACKNOWLEDGMENT

**STATE OF TEXAS;
COUNTY OF DALLAS; TO-WIT:**

On this the 6th day of January, 2010, before me Angel Harader, the undersigned officer, personally appeared Jonathan A. Siegler, who acknowledged himself to be the Chief Financial Officer and Executive Vice President of **BRC WORKING INTEREST COMPANY LLC**, a Delaware limited liability company and that he as such officer, being authorized to do so, executed the foregoing instrument on behalf of said limited liability company.



[NOTARY SEAL]



Notary Public in and for
The State of Texas
Name: Angel Harader
My Commission Expires

5-29-13

EXHIBIT A

LEASED PREMISES

[See Attached]

Exhibit A to that certain Oil and Gas Lease dated effective as of December 19, 2009 by and between BRC Appalachian Minerals I LLC, as lessor, and BRC Working Interest Company LLC, as lessee
Marshall County

BOOK 0693 PAGE 0361

Exhibit A								
Farm Name	State	County	District	Tax Map#	Gross Acres	Net Gas Acres	BRC App. Mins. I Book	BRC App. Mins. I Page
GORE "S"	WV	Marshall	Mannington	14-1, 2	151.75	18.97	680	3
TOTAL					151.75	18.97		

Jan Pest
MARSHALL County 12:07:21 PM
Instrument No 1280444
Date Recorded 01/22/2010
Document Type O&G
Pages Recorded 16
Book-Page 693-346
Recording Fee \$16.00
Additional \$7.00

STATE OF WEST VIRGINIA, MARSHALL COUNTY, SCT.:

I, JAN PEST, Clerk of the County Commission of said County, do hereby certify that the annexed writing, bearing date on the 16th day of December 2009, was presented for and by me, admitted to record in my office upon the above certificate as to the parties therein named this 22nd day of January 2010 at 12:07 o'clock P.M.

TESTE: Jan Pest Clerk.